BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2003-66-C - ORDER NO. 2003-177

MARCH 26, 2003

IN RE: Application of VarTec Telecom, Inc. for
Approval of Alternative Regulation of its
Interexchange Business Services.

ORDER GRANTING

MODIFIED

ALTERNATIVE

REGULATION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application for Alternative Regulation of VarTec Telecom, Inc. ("VarTec" or the "Company") for its interexchange business services, consumer card, operator services, and private line service offerings. The Company seeks to have the Commission regulate these services in accordance with the principles and procedures established for relaxed regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. VarTec's authority to provide interexchange telecommunications services in the State of South Carolina was granted by Commission Order No. 92-915 issued October 21, 1992, in Docket No. 92-318-C.

Pursuant to the instructions of the Commission's Executive Director, the matter was published in the Commission's subscription service. No Protests or Petitions to Intervene were received. VarTec requests that the relief requested be granted on an expedited basis. Accordingly, we waive the hearing in this matter, and we will therefore proceed to dispose of the matter summarily.

VarTec, by its Application, indicates a desire to have its long distance business services, including consumer card services, operator services, and private line services offerings regulated by modified alternative regulation. VarTec requests that all of its long distance business service offerings be regulated pursuant to the procedures described and set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. It is VarTec's intent by this request to have its long distance business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States. Additionally, VarTec requests an exemption from the required maximum rate caps for its business services, consumer card services, operator services and private line services offerings. Moreover, VarTec requests that such tariff filings be presumed valid by the Commission upon receipt, with the understanding that the Commission has the right to establish an investigation of the tariff filings within seven (7) days.

In furtherance of its request, VarTec asserts that its request is consistent with S.C. Code Ann. Sec. 58-9-585(A) and the services for which VarTec requests alternative regulation are competitive in the relevant geographic market.

We have examined the Application, and hold that the relief requested should be granted as filed with regard to VarTec's interexchange business services, consumer card services, operator services, and private line service offerings. The request for alternative regulation is a reasonable one, in that this system of regulation of certain interexchange services has proven to be useful and workable.

The Commission adopts a rate design for the interexchange business services of VarTec consistent with the principles and procedures established for alternative regulation of long distance business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and modified by Order No. 2001-997. Following the modification of the alternative regulation by Commission Order No. 2001-997, this form of regulation is commonly referred to by the Commission, Staff, and others as "modified alternative regulation."

Under the Commission approved modified alternative regulation, the business service offerings of VarTec, including consumer card services, operator services and private line services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 issued in Docket No. 2000-407-C, this Commission modified the previously approved alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme known as modified alternative regulation, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to VarTec also.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Mignon L. Clyburn, Chairman

ATTEST:

Gary E. Walsh, Executive Director

(SEAL)